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# Lessons for Succession Planning In Rural Canada: A Review of Farm Succession Plans and Available Resources in Haldimand County, Ontario

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# Lessons for Succession Planning in Rural Canada: A Review of Farm Succession Plans and Available Resources in Haldimand County, Ontario

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## Abstract

For local economic developers, succession planning is becoming a more prominent issue due to the aging population and workforce. This is especially true in rural communities like Haldimand County where the economic base is farming, as the average age of farmers continues to increase while fewer youth are entering the profession. Promoting workforce development through succession planning will increase the likelihood that capable and skilled farmers are filling retiree's positions which will improve economic stability and reduce the risk of farm business failure. This research uses qualitative methods to assess whether or not farmers in Haldimand County are aware of the succession planning process, determine if adequate resources are available to help farmers with the succession planning process, and identify any challenges farmers experience during the succession planning process that are not addressed through the available resources. A list of recommendations on how to mitigate these obstacles is also provided, in hopes that succession planning will become more accessible and utilized.

**Keywords:** Succession planning, farming, agricultural, rural development, workforce development, rural Ontario

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## 1.0 Introduction

Succession planning, defined as the process of transferring control and ownership of a business prior to retirement (Betts, 2010b), is becoming a more prominent issue for local economic developers due to the aging population and workforce. This is especially true in rural farming-dependent communities where the average age of farmers continues to increase, while fewer young farmers[1] are pursuing this

[1] Statistics Canada's youngest age demographic category is farmers under 35, often referred to as 'young farmers' (Statistics Canada, 2018).

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profession[2] (Beaulieu, 2015), Statistics Canada 2017a). Succession planning is [3]one tool that encourages farmers to plan for retirement and identify successors, which could increase the number of younger farmers entering this profession and maintain agricultural lands for farming (Harris, Mishra, & Williams, 2012). However, recent research suggests that only 8.5 % of farmers have developed a succession plan in Ontario (Statistics Canada, 2017a). Since trends suggest participation in succession planning is low, this research explores whether farmers are developing succession plans and what resources are available to assist them by focusing on a case study of Haldimand County, Ontario. More specifically, this research is framed by the following three questions:

- Are farmers in Haldimand County currently planning for succession and if so, to what degree?
- What are the key challenges that farmers experience during the succession planning process? and
- What resources are available to help farmers with the succession planning process?

## 2.0 Perspectives from the Literature

Succession planning, as previously mentioned, is defined as the process of transferring control and ownership of a business from the retiring generation to the succeeding generation (Betts, 2010). As Kirkwood and Harris (2011) argue, succession planning is an important practice for business owners because it can, "raise the likelihood of a successful transition" (p. 2) for the business after an owner retires. In addition, the absence of a succession plan in the years leading to retirement can cause uncertainty surrounding the company's future. This could ultimately cause the business to decline or fail (HR Council, 2017). A succession plan is also important because without them "a critical mass of knowledge is walking out the door [with] limited replacement opportunities" (Endres & Alexander, 2006, p. 2). Simply put, by not developing a succession plan business owners could fail to pass down knowledge about the business, including important managerial and leadership skills.

Succession planning for farmers is similar to the process for other business owners with some unique objectives and obstacles. When an individual owns a family farm the most common type of succession is intergenerational (Cavicchioli, Bertoni, & Pretolani, 2018; Mishra & Ol-Esta, 2008, p. 3) however, other succession options do exist. Although individuals often think of succession planning as being a singular event, the most successful succession plans are a process, where the plan is developed well in advance of the actual transfer of control (Pitts, Fowler, Kaplan, Nussbaum, & Becker, 2009). Succession planning is often a complex process, with a variety of factors that need to be considered, including decisions regarding labour, management or control, and ownership of the actual assets (Betts, 2010b). These factors should be considered by every farmer to provide clarity and assurances to

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[2] Profession is defined as any type of work that needs special training or a particular skill (Profession, n.d., para 1). It is noted that farming extends outside the traditional realm of a profession as vocation, lifestyle, and the social complexity surrounding farming are indivisible from the profession.

3 Other activities that encourage individuals to think about retirement planning include active choice framing and retirement plan templates. Programs also exist that provide incentives for individual who develop retirement plans. (Ontario Security Commission, 2018).

individuals who work with the farmer or farm business about their future role(s). For example, future managers and owners will need to determine the division of tasks, while property successors will need to develop a purchasing arrangement. Although these are the principal factors farmers should consider when developing a succession plan, a variety of other issues may be important to address, depending on individual farm and family needs including developing a financial plan, a successor training and skill development plan, developing a new business plan, and developing a business plan implementation process (Betts, 2010a). Although there are resources to help with the planning process, it is important to remember that there is no blueprint for succession planning. Each individual or company will have distinct ambitions and goals (Parkes, 2015).

One aspect of succession planning that is very important to farming is skills transfer. Often in family farms, "knowledge and skills regarding the family business are passed on, as parents and siblings work closely together, not only during periods of succession, but also the years leading to succession" (Glover, 2013, p. 17). This knowledge is referred to as tacit knowledge, meaning the information shared between the new and retiring generation needs to be demonstrated rather than studied. Cush and Macken-Walsh (2016) explain, "through trial and error, farmers collect valuable stores of tacit knowledge that are locally specific and shared communally and inter-generationally, such as […] soil erosion and conservation practices" (p.5). If a new owner has not had hands on farm experience, they may have trouble operating the farm business because they could lack some of these essential skills.

Often in farm families, the retiring generation tries to fill in any knowledge gaps during the transfer process. However, the retiring generation can also perform the same role for non-family members—often for a fee. Retiring farmers can also gain knowledge from the new generation. For example, one of the largest areas of knowledge transfers is related to technology (Cush & Macken-Walsh, 2016). Additionally, when younger farmers work with older farmers there is a positive association between farm size, economic returns and high levels of formalized education (Cush & Macken-Walsh, 2016). In pre-retirement years prior to transfer, if a retiring farmer has a young successor working alongside them, generally their operation is more successful financially. In Australia, these collaborations are being encouraged and called joint venture partnerships (Lobley, Baker & Whitehead, 2012). Instead of trying to incentivize older farmers to retire, local governments are attempting to facilitate this connection to increase greater learning opportunities.

## *2.1 The Succession Planning Process*

When developing a succession plan there are three main steps in the process: (a) identifying the successor, (b) developing a transfer plan, and (c) recording the plan.

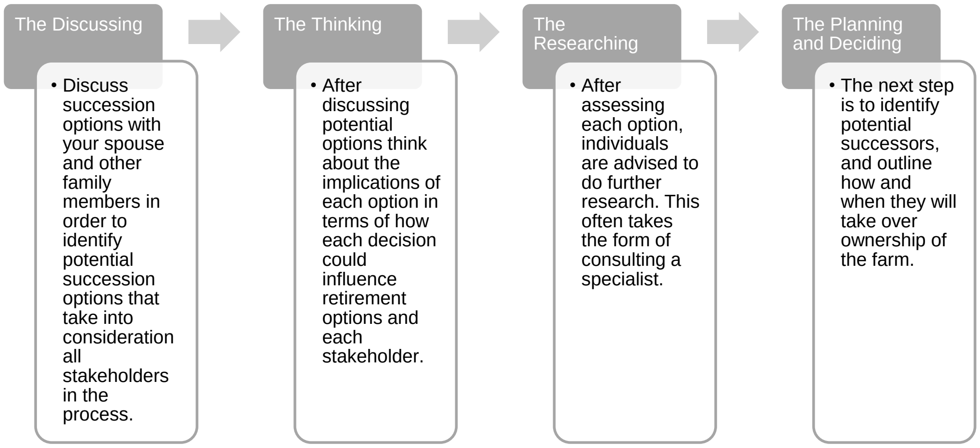
*2.1.1 Identifying the successor*. When identifying potential successors or how to operate the farm post retirement, there are three general options: selling or giving the land to a family member; selling to an individual outside of the family; or retaining ownership of the farm and renting the land. In an American study selling or giving the land to a family member is the most common type of succession (Mishra & Ol-Esta, 2008) and it is often more favourable because it keeps the farm business in the family (Kaplan, Nussbaum, Becker, Fowler, & Pitts, 2009). The majority of Haldimand County farmers also echoed this sentiment as 66%—or 22 farmers—indicated a family member would succeed them. Many retiring farmers want the legacy of their farm to be maintained and due to the “cyclical nature of inheritance and farming" (Conway, McDonagh, Farrell, & Kinsella, 2018, p. 60), they believe they have the responsibility to pass on what they inheritaed (Conway et. al, 2018; di Belmonte, Seaman, & Bent, 2017). Also farmers can exert more control over this legacy if their family members are running the operation. Being part of the family farm business also "provides a learning environment for technical business and personal skills to be transferred from one generation to the next" (Glover, 2013, p. 17). If a new farmer is participating in the family farm business and developing their skills, this may increase the retiring generations confidence in the new farmer making them a leading contendor for succession.

Selling to an individual outside the family can be chosen if finances are a major concern or if there are no family members who are willing to take over their operation (Taylor, Norris, & Howard, 1998). Selling a farm to a third party is frequently more financially viable for farmers because they can get full market price for their property. Often this is not the case when transferring to a child or another family member. Similarly, if there are no family members interested in taking over the family farm, operators might need to sell their farm in order to accumulate enough funds to retire comfortably. Retaining ownership of the farm and renting the land is another option farmers can choose to help pay for living expenses (Jones, 2001).

Renting may also be a favourable option for farmers who are looking to avoid paying fees associated with the sale of a farm. Jones (2001) further explains, farmers do not pay a capital gains tax until they sell their land. Land values also typically increase annually, therefore a farmer may decide to rent out their land for a period of time rather than selling it immediately to earn more money from the sale. Other farmers may also choose to rent their land rather than sell it as some individuals believe selling their land will put them in a negative financial situation as they will own less property (Duesberg, Bogue, & Renwick, 2017). Renting is also an option when farmers are trying to prolonge selling in case their children become interested in taking over the farm business.

*2.1.2 Developing a transfer plan.* When developing succession plans there are often two major components: first is the process—the discussing, the thinking, the researching—and second is the planning and deciding (see Figure 1) (Betts 2010b). Once a farmer decides to develop a succession plan the first step in the process requires the farmer to identify their goals. Parkes (2015) suggests that before developing a plan in conjunction with other family members, farm owners should sit down and decide their future aspirations. The questions they may ask themselves are: "Do they wish to retire and when? What do they want to do in their retirement? Do they want to travel? How much money will they need and what are their future investment strategies" (Parkes, 2015, p. 1) After the owners identify their objectives for retirement, succession plans can be developed that address these goals.

*Figure 1*. Developing a succession plan.




*Note*: Data for developing a succession plan from Betts (2010 b).

After the farmer identifies their personal goals and the feasibility of these goals, the next priority should be holding a family meeting. Farm owners should set a conference time or plan a retreat where family members can discuss the issues of retirement and succession (Spafford, 2015). Holding a family meeting is a good opportunity to inform all children about the owner's retirement timeline and their personal aspirations. Planning a formal meeting also acts as an invitation saying “we want your participation" (Spafford, 2015, p. 1). Some of the main topics that should be discussed at this meeting include retirement options, identifying potential successor(s), support for the potential successor(s), and farming alternatives for family members who are not interested in farming (Mishra & Ol-Esta, 2008). Spafford (2015) suggests that at these meetings, discussion time should be allotted to each family member in order to get issues out into the open. Often these discussions explore tough topics but giving each individual time to speak will ideally allow all grievances to be aired.

After family members have established their interest in the farm, it is important for farmers to assess the capacity of each interested party before choosing a successor. Spafford (2015) suggests that "assessment tools can be used to define the motivations, personality, work character [and] abilities,…of a participant" (p. 1). Farmers need to be aware that the chosen successor should not only have the practical skills required to operate a farm but also good leadership qualities (Pitts et al., 2009). After the farmer examines both the practical and leadership capabilities of all interested successors, the owner will have a better sense of which successor(s) are best suited to own and operate the farm. Farmers can hire outside advisors to help provide feedback during the succession process (Davis, 1992). Hiring a third party to help assess potential farm candidates is important—see earlier discussion—especially if the owner is transferring their farm to a family member, in which case bias can often be present. Farmers generally tend to identify their first born child as their successor despite meritocracy (Cavicchioli et. al, 2018; di Belmonte et al., 2017). Farmers may also choose successors based on their relationship with the individual, rather than their competence to own and operate the farm business. Receiving an outside perspective will ensure the best candidate takes over the farm business.

After the owner has evaluated the potential successor(s) and identified their ideal transfer arrangement, the farmer must sit down with their family members to discuss their retirement wishes. This is necessary as family members need to be aware of their future roles on the farm and accept them (Waters, 2013). Although the farm operator has developed a plan for succession, they must ensure their family is aware and willing to assume the position the retiree has determined for them, or accept how the inheritance is being divided. Often farmers take two distinct stances on how best to divide their estate. Pitts et al. (2009) explains that one group tries to divide assets evenly as they believe the "children trusted [them] to be fair in terms of distributing their inheritance" while the other realm of thought is, "a successful farm transfer could mean sacrificing what [is] best for the individual family members to ensure the future of the farm" (Pits et al., 2009, p. 10) For some farmers, ensuring their assets are distributed equally among children is the most important aspect of succession planning. In contrast, other farmers give priority to the continuation of the farm, which means that assets will be divided less equally between children. In some circumstances, children may be upset with how farm assets are distributed, however going through the succession plan process can provide the rationale for these choices.

*2.1.3 Recording the plan.* The final step is to, "get it down on paper as quickly as possible, you can revise and re-revise from there" (Parkes, 2015, p. 1). Recording retirement decisions will let family members know these plans are concrete. Also, when succession plans are recorded a rationale for the decisions can be provided, which can help diffuse any tension among family members. Often a succession plan includes the following written components: an executive summary; a business overview; a strategic plan; a retirement plan; a management, control and labour transfer plan; an ownership transfer plan; a financial plan; an action plan; and implementation timetable and additional supporting documents.

## *2.2 Barriers to Succession Planning*

From the process outlined above, a number of barriers have been identified that farmers may experience while succession planning. These include (a) personal barriers, (b) family barriers, (c) financial barriers and (d) barriers surrounding availability of resources. With regards to personal barriers, farmers can often experience a feeling of loss of control and a loss of identity (Kirkpatrick, 2013), while some struggle to confront their own mortality (Kirkpatrick, 2013). Many farmers who are near retirement age are also reluctant to retire completely (Cush & Macken-Walsh, 2016; Kirkpatrick, 2013). When farmers are asked why they are hesitant to leave the workforce, two responses are common: they would miss the lifestyle of farming (Kirkpatrick, 2013; Lobley et al., 2012), and they do not want to lose their connection to their home (Lobley et al., 2012). When further prompted, many farmers suggest that in terms of lifestyle they would miss not being a part ‘of the land' because for many farmers, farming, "is not just a profession, but a way of life" (Lobley, 2012, p. 102). In addition, the farm is often the site of a multi-generational family home with a long history and memories (Falkiner, Steena, Hicks, & Keogh, 2017; Kirkpatrick, 2013) therefore leaving the farm can cause some farmers to feel disconnected from their families and their past.

One of the most significant issues when succession planning is communication among family members, especially when the transfer is intergenerational. For example, Kaplan et al. (2009) suggest that many senior farmers assume that their children know their plans post-retirement, which is often not the case. Farmers may make informal comments in passing, however fail to finalize these plans (Falkiner et al., 2017). Many farmers choose not to make these plans more formal by discussing and recording their decisions. This lack of formal communication is problematic for two reasons: first, a successor identified by the farmer may be unwilling to take over the farm; and second, if these plans are not recorded they could be disputed later on. Research has also shown that farmers tend to put off succession planning until their children have selected their career paths (Kaplan et al., 2009). Some farmers are also hesitant to transfer the farm to their children if they are in a new relationship or marriage (Kaplan et al., 2009). Finally, families often experience conflict when a farm successor is being chosen and when farm assets are being divided (Pitts et al., 2009). Friction is common if family members believe the chosen successor was selected unfairly. This is often the case when multiple heirs are interested in taking over a farm. Conflict can also be present if a family member receives a smaller portion of an estate than they anticipated.

Farmers also face financial barriers when succession planning, including both farmers who are succeeding the retiring generation and farmers who are retiring from the profession. For successors, Kaplan et al. (2009) explain that failing to develop a succession plan could lead to, "inheritance taxes and other fees [which can] cripple the farm and its new owners" (p. 2). Additional financial barriers might also occur if the successor has multiple siblings that are entitled to a stake in the farm. Hicks, Sappey, Basu, Keogh, and Gupta (2012) explain that if there are other family members entitled to the farm, often "the successor is required to ‘buy out' those who are not going to inherit the farm" (p. 9). This could place additional financial strain on the successor and lead to debt problems or foreclosure. Another barrier for farmers is deciding how to fund their retirement. For farmers, sources of income often include social security, farm business income, private retirement plan income, the sale of farm assets and other sources (Kirkpatrick, 2013). The most common of these sources is the sale of farm assets (76%) (Kirkpatrick, 2013), therefore a significant portion of a farmers retirement plan is contingent on the sale of their farm business. If the retiree does not sell their farm business for the value they anticipated, this may hinder their ability to live comfortably during retirement. Negative financial implications are also associated with delaying succession as retiring farmers are often more reluctant to adopt innovative technology and to accept their physical limitations making them less competitive in the marketplace (Conway et al., 2018). Ultimately these actions could put their farm in a poor fiscal position impacting both the retiting and new farmer.

## 3.0 Case Study of Succession Planning in Haldimand County, Ontario

Haldimand County is a rural municipality located in southwestern Ontario's Greater Golden Horseshoe, along the shores of Lake Erie (Haldimand County, 2017). This location provides a competitive advantage for the municipality in terms of proximity to major markets in Southwestern Ontario and the United States. Haldimand County includes the towns of Cayuga, Caledonia, Dunnville, Hagersville, Jarvis, Townsend & Selkirk (Haldimand County, 2015). It has a single tier governance structure and a population of approximately 46,000 people, which over the last decade has grown by 7%(Haldimand County, 2017). Although there are some areas within the county that have a higher concentration of residents, the majority of the region is designated rural.

Agriculture plays a significant role in the county's economy. For example, in 2011 there were 858 farms that grew 175,525 acres of crop land and generated approximately $265,383,378 in gross farm sales (Statistics Canada, 2015a, 2015b, 2015c). The county is home to 1,245 farm operators and the average age of these proprietors continues to climb, which mirrors provincial trends (Statistics Canada, 2015d, 2015e). (see Table 1). In 2011, there were 130 farm operators under the age of 35 (10.4%); 550 between 35–54 years of age (44%); and 565 over the age of 55 years (45.4%) (Statistics Canada, 2015). Due to Haldimand County's high concentration of farm operations, agriculture has a significant impact on the local economy.

Table 1. *Age of Farmers in Haldimand County Versus Age of Farmers in Ontario in 2011*

| | **Haldimand County Farmers** | **Ontario Farmers** |
|---|---|---|
| Total Number of Farmers | 1,245 | 74,840 |
| Under 35 | 10.4% | 8.2% |
| Between 35 and 54 | 44% | 42.5% |
| Over the age of 55 | 45.4% | 49.2% |
| Average Age of Operator | 53 | 54.5 |

Source: Statistics Canada, 2015e.

## 4.0 Methodology

This exploratory research was conducted in partnership with Haldimand County's Economic Development and Tourism Department to determine:

- Are farmers in Haldimand Country currently planning for succession and if so, to what degree?
- What are the key challenges that farmers experience during the succession planning process?, and
- What resources are available to help farmers with the succession planning process?

To answer these questions seven semi-structured key informant interviews were conducted along with a survey that was completed by 33 farmers. Farmers who completed this survey belonged to local farm organizations or participated in local farm events. Approaching these farmers allowed the researchers to collect information from farmers who worked in different subsectors, increasing the probability that all types of farmers present in Haldjimand County provided input on succession planning. Key informants included farmers and individuals associated with farm organizations in Haldimand County as well as professionals who work with succession planning as part of their careers. The majority of key informants were identified by Haldimand County Economic Development and Tourism Division staff. Other interviewees were selected based on snowball sampling. Snowball sampling for this research was conducted during stakeholder interviews. Participants were asked by the interviewer to recommend any other community stakeholders to speak with.

For the survey, questions were developed in partnership with Haldimand County's Economic Development and Tourism Division. Previous studies were also used including, "The Michigan Farm Succession Study: Findings and Implications" (Miller & Cocciarelli, 2012). A sample of 55 Haldimand County farmers were recruited to participate and 33 participated for a response rate of 60%. The majority of the participants for the questionnaire were recruited in person at farm events including local farmers markets and farm association meetings while some participants were recruited over the phone based on recommendations by Haldimand County's Economic Development and Tourism Division. Participants were given the option to complete the survey at a later date and over the phone. To be eligible to complete a survey, farmers needed to own farmland in Haldimand County and currently, be farming on the land. Anyone over the age of 18 who met these requirements was eligible to participate.

Of the individuals surveyed, farming was the principal occupation for 73% of respondents while it was considered secondary work for 27% of respondents. Additionally, 48% of respondents were the sole proprietor of their farm, while 24% of respondents had a legal partnership, 18% of respondents owned a corporation, and 6% of respondents had other ownership arrangements. The age of survey respondents varied significantly (see Table 2), however, the largest age group represented were individuals between the ages of 51 and 65. With regards to family composition, 89% of respondents had children, 9% had no children and 3% of respondents did not wish to disclose this information. Finally when respondents were asked when they planned on retiring answers also varied (see Table 3). A large portion of respondents—27% or nine farmers—plan to retire at age 65 while 24% or eight respondents suggested they never planned on retiring.

Table 2. *Age of Haldimand County Farmers in 2017*

| **Age of Farmers** | **Percentage of Haldimand County Farmers** |
|---|---|
| 30 and under | 12% |
| Between 31 and 40 | 9% |
| Between 41 and 50 | 21% |
| Between 51 and 65 | 45% |
| Over 66 | 12% |

Table 3. *Planned Retirement Age for Haldimand County Farmers in 2017*

| Planned Age of Retirement | Percentage of Haldimand County Farmers |
|---|---|
| Age 55 | 3% |
| Age 60 | 3% |
| Age 65 | 27% |
| Age 70 | 12% |
| Age 75 | 3% |
| Age 78 | 3% |
| Age 80 | 9% |
| Age 82 | 3% |
| Currently Transitioning | 3% |
| Never Planning on Retiring | 24% |
| Declined to Answer | 3% |

## 5.0 Findings

The findings from this section are based on responses from the survey and key informant interviews. These findings focus on the following themes: (a) awareness of succession planning, (b) challenging aspects of succession planning, (c) communicating information with farmers, and (d) available resources.

### *5.1 Awareness of Succession Planning*

When asked about 'succession planning' three-quarters of survey respondents—76% or 25 respondents—were familiar with the term, while one-quarter—24% or 8 respondents—were not (see Figure 2). Although a large portion of the survey respondents were familiar with the term, only 21% or 7 respondents indicated that they had a succession plan that was recorded (see Figure 3). Another 30% or 10 respondents had plans that were not written down, while 45% or 15 respondents had not developed a succession plan. These responses indicate that there may be some uncertainty about the process and/or the importance of recording the plan, which was described by farmers during the interviews. One key informant explained, "they have heard of it and they know that it's something down the road that they are probably going to be faced with [but they were] not 100% sure what it is" (Key Informant #7). Another farmer also suggested that, "I think people are aware but they just don't know how to put it into practice" (Key Informant #4). Interestingly, all survey respondents aged 31–40 were familiar with the term while awareness in other age categories fluctuated between 71–75% (see Figure 2). While some key informants assumed that individuals who are nearing retirement age may have a better understanding of succession planning (Key Informant #7), one key informant noted that, "young farmers [were more aware], because they have dealt with the frustration of being on the other side" (Key Informant #6).

*Figure 2*. Haldimand County farmers' awareness of succession planning by age in 2017.

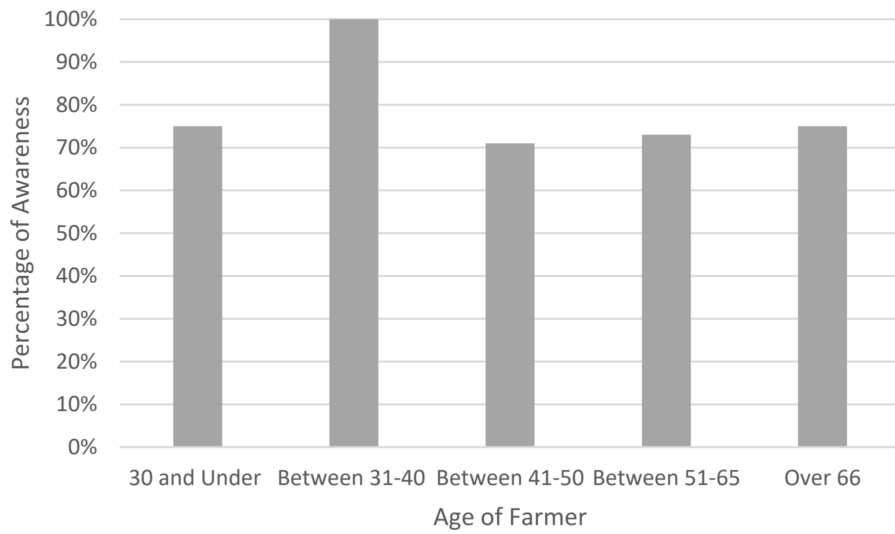
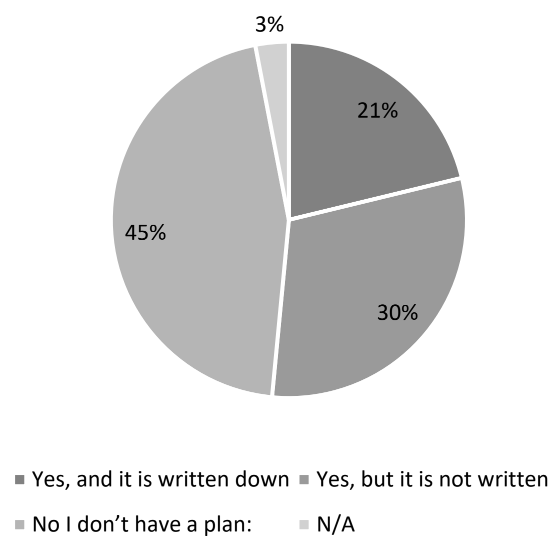



*Figure 3*. Haldimand County farmers recorded succession plans in 2017.



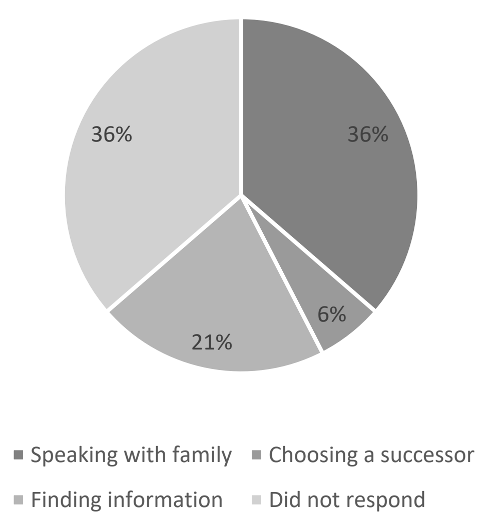

## *5.2 Succession Planning Challenges*

The most challenging aspects of succession planning identified in the survey were speaking with family (36% or 12 respondents), finding information about the process (21% or 7 respondents) and choosing a successor (6% or 2 respodents) (see figure 4). With regards to communicating with family, during the interviews key informants identified intergenerational communication as a barrier. One key informant commented, "I have seen families not get along because of…succession planning…sometimes it is the younger generation, they don't understand the whole big picture. But there are new ideas and then the old parents [don't understand], [and] ideas clash" (Key Informant #4).

Additionally, farmers suggested that gathering information regarding succession planning was one of the most difficult aspects of the process. One farmer explained, "I have heard taxes have been part of succession planning and I think that would be kind of a burden" (Key Informant #7). For another farmer determining the fair value of their land was the most challenging aspect of the process (Key informant #4). Although 64% of respondents indicated they found all the resources necessary to develop their succession plan, a number of respondents cited additional information that would be useful. This includes information on capital gains tax, general information from their accountant and information on available succession planning programs.

During the interviews, stress and loss of control associated with succession planning was identified as a personal barrier (Key Informant #7; Key Informant #4). One key informant stated, "I think a lot [of farmers]…don't understand how to do it and a lot is about letting go" (Key Informant #4). A farmer also stated that often not knowing when to let go can be detrimental to the farm itself, because it can lose its worth (Key Informant #4). Finally, estate distribution among multiple heirs was identified as a barrier by key informants. One farmer suggested that when succession planning is occurring, "fair is not always right" (Key informant #4). Simply put, for children wanting a buyout paying them fair market value might not be an option if it will place a financial strain on the child taking over the farm.

*Figure 4*. Most challenging aspects of succession planning for Haldimand County farmers in 2017.



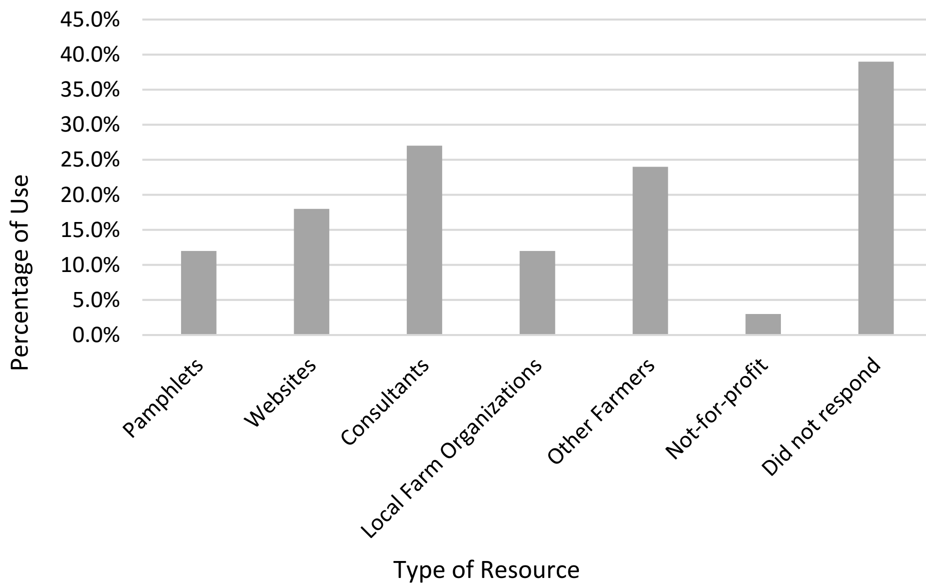

## *5.3 Communicating Information with Farmers*

Farmers who responded to the survey accessed or collected their information on succession planning from a variety of sources (see figure 5). This included, through other farmers (21% or 7 respondents), through local farm organizations (21% or 7 respondents) and through the internet (18% or 6 respondents). Key informants also suggested that farmers collect their information generally from local farm organization meetings and the internet—specifically social media—(Key Informant

#7). Another farmer explained that the internet was a good method of communicating with some farmers. However, older individuals and individuals who do not have access to the internet are not reachable by this method, therefore reading materials and workshops should also be provided (Key Informant #4).

Succession planning professionals shared similar perspectives to farmers on the best ways to communicate with farmers. One key informant suggested that, "getting all these messages across had to be part in parcel with groups such as the Haldimand Federation of Agriculture" (Key informant #2). The Christian Farmers Federation of Ontario was also highlighted as a potential collaborator when trying to contact local farmers (Key Informant #3). In addition, one key informant suggested that communicating via the internet was not ideal as some parts of the region still lack this service (Key Informant #6). Another option included informing individuals through provincial farm newspapers (Key informant #6).

*Figure 5*. Resources used when succession planning by Haldimand County farmers.

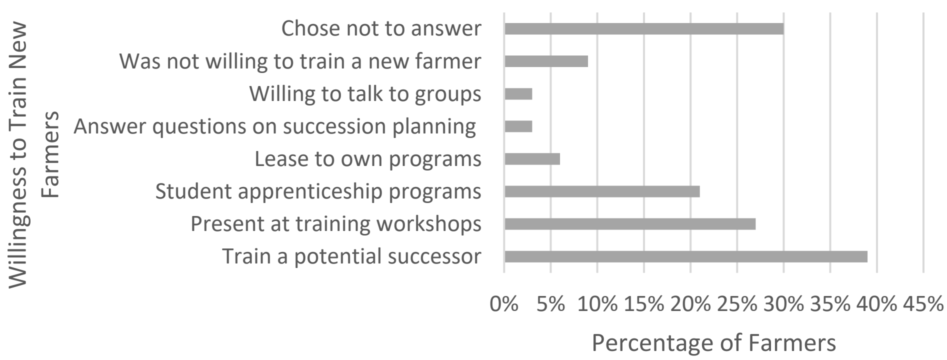



### *5.4 Available Resources*

When local farm organization representatives and succession planning professionals were asked what succession planning resources were available, their answers were notably different than the responses given by farmers during the survey. Local farm organization representatives referenced succession planning material developed by Farm Credit Canada, OMAFRA, and local banks as key resources (Key Informant #1). They also suggested that local farm organizations would hold seminars on this topic if a need was identified (Key Informant #1). Additionally, succession planning professionals highlighted local resources which included meeting with lawyers and accountants (Key Informant #2); consulting with workforce planning boards (Key Informant #3); referencing material produced by Canadian Farm and Business Council, and Farm Credit Canada (Key Informant #3); and consulting material developed by Farm Management Canada (Key Informant #6). Finally, one key informant also explained that previously in British Columbia the Agri-Food Business Development Program was subsidizing the services of a succession planning advisor. They stated, "the approach that BC took to actually help cost share some of the advisory services…and getting farm succession plan advisors out to farm operations to convene the discussion was really useful" (Key Informant #6).

Interestingly, a large portion of survey respondents (60 % or 20 respondents) suggested they would be interested in being a resource for new farmers by training them through a variety of forums (see Figure 6). Farmers indicated they would be (a) willing to train a potential successor (39% or 13 respondents), (b) present at training workshops (27% or 9 respondents), (c) participate in student apprenticeship programs (21% or 7 respondents), (d) participate in lease to own programs (6% or 2 respondents), (e) answer questions on succession planning (3% or 1 respondent), and (f) connect with farm organization groups (3% or 1 respondent). It should be noted that—30% or 10 respondents—chose not to respond to this question and from my understanding were reluctant to do so because they did not understand the questions. Individuals were unwilling to respond as they did not want to committ to participating in any traning sessions at this time—during the summer months. Although this was not part of the survey question respondents were wary that this would be asked of them later on.

*Figure 6*. Haldimand County farmers willingness to train new farmers in 2017.




## 6.0 Conclusions and Recommendations

Across Canada, the average age of farmers is increasing and fewer new farmers are entering the profession. One tool that could help counteract this trend is succession planning, which encourages farmers to plan for retirement and identify successors. Succession planning helps to ensure that a business continues beyond the current generation and increases the likelihood that the business will succeed long-term. Succession planning is also important because it facilitates the transfer of important business knowledge, including managerial and leadership skills, from the retiree to the successor, which is essential in order to have farmers who are capable and competent. In order to increase participation rates in succession planning more information needs to be disseminated and more programs need to be established to help facilitate this process. While many of the farmers involved in this research were familiar with the term, only a small number actually had a plan that was recorded. Furthermore, when asked about the most challenging aspect of succession planning, the second most common answer was finding information on the process, which was only surpassed by speaking with family members. The interviews also suggest that farmers are unclear on the process of actually develping a succession plan and putting it into practice. That being said, a number of suggestions were provided on how to reach out to farmers and increase their knowledge of succession planning. The time to act is now but farmers can't do it alone. Rural development and economic development organizations have an important role to play by ensuring municipal farmers have the knowledge and the tools to develop these plans. In order to be most effective these organizations should focus on dispersing information to farmers, facilitating workshops on the topic, and developing programs that help to share the costs of consulting services and which promote joint venture partnerships.

There are a number of recommendations that emerged from this research. These recommendations were specifically developed for Haldimand County, but may be useful to other municipalities of comparable size, especially those located within southwestern Ontario, or those with similar support organizations. First, rural development practitioners need to provide more information on the importance of succession planning. This might include a pamphlet, flyer, or checklist about succession planning outlining the key concepts and contact information for individuals or organizations that could answer questions on the topic. This information should be sent electronically and via mail to all farmer's via the local farm organizations. Additional outreach should include providing information at local farm organization events like farmer's markets and farm association meetings. Other options include sending an e-blast to local farm organization members, providing information to weekly e-newsletters, putting information in local newspapers, and using social media. Hosting a workshop or webinar could also provide more information on succession planning. Second, conversations about succession planning also need to be had with new farmers, in order to end the negative stigma associated with the topic. In the future, succession planning should be approached as part of business management, so when a business plan is developed a succession plan is also made. This plan can then be updated as necessary. A third recommendation is that funding should be provided to subsidize the costs of consultants, which is being utlized in British Columbia and appears to be effective in encouraging succession planning (Ministry of Agriculture–Province of British Columbia, 2017). And finally, joint ventures between retiring farmers who are hesitant to retire and new farmers should be encouraged. It might begin as an apprenticeship, however, ideally it would result in the retiring farmer selling their land to the apprentice but still working the farm. This will permit new farmers to gain valuable skills and also allow retiring farmers who have no successors to identify potential farmers interested in taking over their estate.

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